

FINANCIAL REPORT

Tony Monley — Treasurer

Once again, ECLC has managed to deliver outcomes within budget and maintain a sound financial position at year-end.

Each year presents a new set of issues with continual changes in the mix and continuity of funding. The Board and management have exercised due care in ensuring that activities are fully funded before commitments are made which at times, require decisions with short lead times to re-assign resources.

The Board wishes to acknowledge and thank the CEO, staff and volunteers of ECLC for the effective stewardship of the financial resources during the year. Particular thanks are extended to Cathy Oliver for her excellent work.

The Board also extends our deep appreciation to our funding partners – government, trusts and other supporters – listed earlier in this report. We look forward to continuing to work with you in the years ahead.

Notes to and forming part of the Financial Statements for the Year ended 30th June 2009

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report that has been prepared in accordance with the Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report.

Fixed assets

Each Class of fixed assets is carried at cost less, where applicable, any accumulated depreciation.

The depreciable amount of all fixed assets are depreciated using the prime cost method or the diminishing value method over their useful lives to the association commencing from the time the asset is held ready for use.

Employee Entitlements

Provision is made for the association's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their minimal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the association to employee superannuation fund and are charged as expenses when incurred.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognized net of the amount of GST, except where the amount of the GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognized as part of the cost of the acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

**Eastern Community Legal Centre Inc.
Balance Sheet As at 30 June 2010**

	2010	2009
	\$	\$
Equity		
Services' Funds	109,247	108,503
Reserve Fund – Operational	26,000	-
Total Equity	<u>135,247</u>	<u>108,503</u>
Represented by:		
Current Assets		
Petty Cash – Box Hill	51	212
Petty Cash - Boronia	220	150
Cash at Bank – MECU Cheque A/C	39,323	36,228
Cash at Bank - MECU	10	5
Cash at Bank – Salary Packaging A/C	3,427	1,027
Cash at Bank - Bendigo Operating	92,871	149,250
Cash at Bank - Bendigo T/D	210,367	55,241
Security Deposit	2,350	2,350
Undeposited Funds	1,890	-
Trade Debtors	8,445	10,253
Accrued Income	1,787	411
Prepayments	1,075	1,015
	<u>361,816</u>	<u>256,143</u>
Non-Current Assets		
Motor Vehicles	25,310	23,264
Less Accumulated Depreciation	3,675	8,271
	<u>21,635</u>	<u>14,993</u>
Office Furniture & Equipment	105,430	85,969
Less Accumulated Depreciation	62,663	49,857
	<u>42,767</u>	<u>36,112</u>
	<u>64,402</u>	<u>51,105</u>
Investments		
Shares in Other Companies	5	10
	<u>5</u>	<u>10</u>
Total Assets	<u>426,223</u>	<u>307,258</u>
Current Liabilities		
Trade Creditors	7,102	5,354
Credit Cards	607	1,016
Other Creditors - PAYG payable	7,802	6,298
Payroll Provisions: Trainee	19,112	9,556
Salary Sacrifice	3,427	1,027
Wages Owing	20,600	16,319
Provision for Holiday Pay	50,600	53,805
Provision for Long Service Leave	20,868	7,392
Provision for Sick Leave	9,000	9,000
Provision for GST	17,720	16,262
Income in Advance	134,137	72,726
	<u>290,975</u>	<u>198,755</u>
Total Liabilities	<u>290,975</u>	<u>198,755</u>
Net Assets	<u>135,247</u>	<u>108,503</u>

**Eastern Community Legal Centre Inc.
Income Statement For the Year Ended 30 June 2010**

	2010	2009
	\$	\$
Income		
CLC Recurrent		
Commonwealth	256,515	174,508
State	482,654	467,961
Local Government	48,004	63,332
Unexpended Funds – VLA FRC	(27,692)	-
Fundraising & Donations	4,100	6,559
Interest Received	12,964	10,931
Services and Other Income	10,239	9,209
Memberships	150	137
Community Partnerships	130,712	53,952
Profit on Sale of Asset	3,578	-
	<u>921,225</u>	<u>786,587</u>
Expenditure		
Staffing		
Wages	644,681	545,481
Superannuation Contributions	54,171	45,103
Training & Oncosts	29,560	25,701
Workcover	1,570	3,030
Program Operations		
Legal Practice	15,225	11,341
Community Partnerships	214	1,223
Program Expenses	18,570	12,835
Volunteer Expenses	5,892	5,830
Property Costs		
Building Costs: R & M	13,533	11,790
Building Costs: Rent	41,104	39,487
Depreciation	18,053	18,886
Disposal of Non-current Assets	-	3,637
Equipment Costs: R & M	3,385	10,271
Insurance	3,560	3,630
Motor Vehicle Costs	3,009	3,292
Administration Costs		
Board Costs	303	192
Finance Costs	3,000	2,881
Postage	2,704	3,180
Printing & Stationery	26,258	28,999
Telephone	9,689	10,191
	<u>894,481</u>	<u>786,982</u>
Operating Profit (Loss)	<u>26,744</u>	<u>(395)</u>
Statement of Changes in Equity For the Year ended 30 June 2010		
Services' Funds at the beginning of the financial year	108,502	108,897
Transfer to Reserve Fund - Operational	(26,000)	-
Profit (Loss) attributable to Organisation	26,744	(395)
SERVICES' FUNDS AT 30 JUNE 2010	<u>109,247</u>	<u>108,502</u>

Eastern Community Legal Centre Inc.
Statement of Cash Flows For the Year Ended 30 June 2010

	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers, etc	995,594	801,247
Payments to suppliers and employees	(856,370)	(685,149)
Interest received	11,588	10,931
Interest and other costs of finance	-	-
Net cash provided by (used in) operating activities (Note 2)	150,812	127,029
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from (payment for) property, plant, equipment and motor vehicles	(44,771)	(3,820)
Proceeds from (payment for) investments	5	-
Net cash provided by (used in) investing activities	(44,766)	(3,820)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from (payment for) loans	-	-
Net cash provided by (used in) financing activities	-	-
Net increase (decrease) in cash held	106,046	123,209
Cash at beginning of year	242,113	118,904
Cash at end of reporting period (Note 1)	348,159	242,113

NOTES TO THE STATEMENT OF CASH FLOWS

NOTE 1. RECONCILIATION OF CASH

For the purposes of the statement of the cash flows, cash included cash on hand and in at call deposits with banks or financial institutions, investments in money market instruments maturing within less than three months, net of bank overdrafts

(a) Reconciliation of Cash

Cash at the end of the reporting period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash at Bank - Maroondah Credit Union	41,213	36,228
Cash at Bank - Maroondah Credit Union	10	5
Cash at Bank - Bendigo Operating	92,871	149,250
Cash at Bank - Salary Packaging	3,427	1,027
Term Deposit	210,367	55,241
Cash on Hand - Box Hill	51	212
Cash on Hand - Boronia	220	150
	348,159	242,113

NOTE 2. RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING PROFIT

Operating Profit(Loss) after income tax	744	(395)
Depreciation of Non-current Assets	18,053	18,886
Changes in Net Assets and Liabilities - Fixed Assets	23,264	4,212
(Increase)/decrease in trade and term debtors	432	55,871
(Increase)/decrease in prepayments	(59)	750
Increase/(decrease) in trade creditors and accruals	1,748	252
Increase/(decrease) in other creditors	18,711	(288)
Increase/(decrease) in employee entitlements	16,237	5,830
Increase/(decrease) in sundry provisions	10,271	22,677
Increase/(decrease) in income in advance	61,411	19,254
	150,812	127,049



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INDEPENDENT AUDITOR'S REPORT

To the members of **EASTERN COMMUNITY LEGAL CENTRE INC**

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of **EASTERN COMMUNITY LEGAL CENTRE INC** which comprises the balance sheet as at 30th June 2010, and the income statement, statement of changes in equity and cash flow statement for the year then ended.

Management's Responsibility for the Financial Report

The management of **EASTERN COMMUNITY LEGAL CENTRE INC** is responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the needs of the members. The management's responsibility also includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report on order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the Management's financial reporting requirement. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the relevant independence requirements.

Auditor's Opinion

In our opinion the financial report of **EASTERN COMMUNITY LEGAL CENTRE INC**

- (a) gives a true and fair view of **EASTERN COMMUNITY LEGAL CENTRE INC's** financial position as at 30th June 2010 and of its performance for the year ended on that date in accordance with appropriate accounting policies; and
- (b) complying with appropriate Australian Accounting Standards.


 Janet Collyer
J L COLLYER & PARTNERS

DIRECTORS
 JANET L. COLLYER FCPA
 LIONEL R. ARNOLD CA B.Bus
 RAELENE LAI CPA B.COM

26th August 2010



LIABILITY LIMITED BY A SCHEME APPROVED
 UNDER PROFESSIONAL STANDARDS LEGISLATION